

**MANAGED HEALTH CARE IMPROVEMENT TASK FORCE
DECEMBER 13, 1997 BUSINESS MEETING MINUTES**

The Task Force did not vote on these Minutes

Saturday, December 13, 1997

8:30 A.M. until 5:05 P.M.

1201 K Street [Chamber of Commerce Building]

12th Floor Conference Room

Sacramento, California

I. CALL TO ORDER [Chairman Alain Enthoven, Ph.D.]

The business meeting of the Managed Health Care Improvement Task Force [Task Force] was called to order by Chairman, Dr. Alain Enthoven, at the Sacramento Chamber of Commerce Building at Sacramento, California.

II. ROLL CALL

Task Force Administrative Assistant Lawrence Ahn took roll. The following Task Force members were present: Dr. Bernard Alpert; Dr. Rodney Armstead; Ms. Rebecca Bowne; Ms. Barbara Decker; Alain Enthoven, Ph.D.; Ms. Nancy Farber; Ms. Jeanne Finberg; Hon. Martin Gallegos; Dr. Bradley Gilbert; Ms. Diane Griffiths; Mr. Terry Hartshorn; Mr. William Hauck; Mr. Mark Hiepler; Dr. Michael Karpf; Mr. Clark Kerr; Mr. Peter Lee; Dr. J.D. Northway; Ms. Maryann O'Sullivan; Mr. John Perez; Mr. Anthony Rodgers; Dr. Helen Rodriguez-Trias; Mr. Les Schlaegel; Ms. Ellen Severoni; Dr. Bruce Spurlock; Mr. David Tirapelle; Mr. Ronald Williams; Mr. Allan Zaremborg; and Mr. Steve Zarkin.

The following ex-officio members were also present: Ms. Kim Belshe; Dr. David Werdegart; and Mr. Michael Shapiro.

III. OPENING REMARKS [Chairman Enthoven]

Chairman Enthoven announced that a quorum was present. He also announced that the Findings and Recommendation Sections for the following papers were adopted at yesterday's meeting: 1) Physician-Patient Relationship; 2) Financial Incentives for Providers in Managed Care; 3) Academic Medical Centers; 4) Expanding Consumer Choice with Health Plans; 5) Improving the Dispute Resolution Process in California's Managed Care System. In addition, Recommendations 1-4 in the New Quality Information Development Paper were voted on. Chairman Enthoven added that Task Force members had voted yesterday to allow the Public Perceptions and Experiences with Managed Care paper to be included in the main report without the requirement that it be adopted by the Task Force.

IV. OLD BUSINESS

NOTE: Please refer to the Adopted Findings or Adopted Findings and Recommendations Sections for the text as adopted by the Task Force today. Proposed and adopted language is not included in these minutes due to time and space constraints.

A. Adoption of the Findings and Recommendations Section of the New Quality Information Development Paper.

Chairman Enthoven reiterated that members already voted on Recommendation No.s 1 through 4 and that today's discussion would begin with Recommendation No. 5.

Recommendation No. 5

Several informal changes were accepted to this recommendation regarding the basic safety of patients. Mr. Lee moved to adopt the recommendation, as revised, Dr. Rodriguez-Trias seconded it. The motion was adopted 24 to 0.

Recommendation No. 4

Ms. Decker moved to reconsider Recommendation No. 4 which had failed the day before 15 to 6 (December 12, 1997). Ms. Finberg seconded the motion. The motion failed 15 to 5.

Findings Section

Mr. Lee moved to adopt the Findings Section and Dr. Rodriguez-Trias seconded the motion. Mr. Zarkin then moved to amend the Findings to include language clarifying that because each data element is included, providers are hampered in their ability to deliver excellent care by limited data to support evidence-based medicine. Dr. Rodriguez-Trias seconded the motion as it was adopted 25 to 0.

The motion to adopt the Findings, as amended, was adopted 26 to 0.

B. Adoption of the Findings and Recommendations Section of the Governmental Regulation and Oversight of Managed Care Paper. - 9:00A.M.

Streamline Regulatory Oversight - Alternatives

Executive Director Romero presented three alternatives for the creation of a new regulatory organization. Alternative I makes the scope of this organization Knox-Keene plans only. Alternative II is a phase-in approach for the regulation of Knox-Keene and non Knox Keene regulated plans. In essence, starting from Alternative I, Alternative II calls for the Governor and the Legislature to successively, over the course of several years, consider expanding the scope of this organization to include first, segments of the industry not currently directly regulated like medical groups, then later PPO's and finally individual providers and facilities. Alternative III includes the new agency's immediate regulation of all health care companies involved in insurance and delivery functions.

Alternative II

Task Force members accepted several informal amendments to this alternative. Ms. Bowne moved to adopt this alternative and it was seconded by Mr. Lee. The motion was adopted 20 to 6.

As adopted, alternative II reads as follows:

- (a) A new state entity for regulation of managed health care should be created to regulate health care service plans currently regulated by the DOC and to phase-in the regulation of other entities over time, consistent with these recommendations (1.a-f). Appropriate health staff of the DOC will be transferred to the new regulatory entity.

- (b) Medical groups and other provider entities that bear significant risk should be directly regulated by the new state entity for solvency and quality. Within a year, the Governor and Legislature should study and recommend to the public as to the method for consolidated, direct regulation by this new entity, of medical groups/IPAs and other provider entities in the state that are not currently directly regulated and who bear significant risk, on the basis of solvency and quality, to the extent they can be shown to be contributing to medical decisions (i.e., not coverage decisions determined contractually by an employer).
- (c) Within one year, the Governor and the Legislature should study the feasibility and benefit of consolidating the health care quality review functions of all state governmental agencies within the new entity.
- (d) Within two years, the Governor and the Legislature should study the feasibility and benefit of consolidating into the new state entity the regulation of other health insurers providing insurance through indemnity, PPO and Exclusive Provider Organization (EPO) products currently regulated by DOI.
- (e) Subsequently, the merits of folding into the new state entity other regulatory functions (e.g., those that regulate providers, clinicians, and medical facilities) should be examined. However, further consolidation should be phased-in in a manner that minimizes disruption of essential regulatory functions. Any proposed consolidation should weigh the potential benefit and detriment to the public and consider the impact on the stability of the organization.
- (f) Any health-related regulatory authority or related government entity not incorporated into this new state entity should develop enhanced electronic capabilities to share information and work together with other oversight entities.

Alternative III

Ms. Farber then moved to adopt Alternative III, as proposed. Dr. Rodriguez-Trias seconded the motion and it failed 7 to 19.

Alternative I

Alternative I was deleted by members via a straw poll.

Amendment to Alternative II

Dr. Spurlock moved to amend newly adopted Alternative II. The amendment suggests that the Governor and Legislature should study within one year the feasibility and benefit to consolidating the review functions of all governmental agencies.” Mr. Lee seconded the motion which was then adopted 25 to 0. Mr. Lee then moved to adopt Alternative II, as amended, and Mr. Clark Kerr seconded it. The motion was adopted 22 to 1.

Provide Appropriate Leadership

After some discussion, members agreed to leave both alternatives in the document. Alternative I proposes that the new oversight organization be led by an individual while Alternative II proposes that the organization be led by a part-time board comprised of appointed members.

Dr. Karpf moved to adopt the use of generic language regarding the name of the new state agency throughout this and all other papers. Ms. Griffith seconded the motion and it was adopted 26 to 0.

Appropriate Principles for Regulation

Ms. Severoni moved to adopt this recommendation as proposed and it was seconded by Ms. Bowne. The motion was adopted 27 to 0.

Streamline Regulation of Medical Groups/IPAs

Ms. Severoni moved to adopt this recommendation and Dr. Karpf seconded the motion. It was adopted 22 to 0.

Streamline Solvency Audits

A technical change was accepted to this recommendation, and Mr. Perez moved to adopt the recommendation. Mr. Kerr seconded the motion. Ms. Decker then moved to amend subsection C to add language stipulating that the oversight agency should convene a stakeholder working group to develop acceptable solvency standards and financial documentation. Dr. Rodriguez-Trias seconded the motion and it was adopted 23 to 0. The motion to adopt the recommendation, as amended, was also adopted 23 to 0.

Disclosure

Mr. Lee discussed a possible recommendation he included in a memo to members, dated December 10, that suggested the following: 1) full disclosure of all survey process, methodologies and investigative results. Data collection, protocols and results should be publicly available. 2) Private data collection standards, protocols and results of data collected must be available to the public at no or low cost to the extent that data satisfies public oversight requirements. 3) The collaboration with private entities about State regulatory bodies should not limit or impede that public processes by the way the State determines which data should be collected and how quality should be monitored. 4) The State agency responsible for managed care oversight should ensure that any privately collected results satisfy established requirements.

Mr. Perez moved to adopt Mr. Lee's recommendation. Ms. Farber seconded Mr. Perez's motion and it was adopted 27 to 0.

Streamline Quality Audits

Members accepted informal changes to subsection B to say that: *when standard data is not available, a health plan may use other information to ensure high quality care when appropriate audits of medical groups contract for quality third-party organizations that meet standards the state agency responsible for regulating managed care establishes*. Mr. Perez moved to adopt the revised recommendation and it was seconded by Mr. Rodgers. The motion was adopted 26 to 0.

Promote Inter-departmental and Private Sector Coordination and Eliminate Redundancy

Ms. Decker moved to adopt these recommendations, with an informal change to phrase the recommendation so that it avoided duplication. Dr. Karpf seconded the motion and it was adopted 25 to 0.

Meet the Challenges Presented by Accelerating Industry Change (a) through (d)

Mr. Kerr moved to adopt these recommendations and it was seconded by Ms. Severoni. The motion was adopted 25 to 0.

Meet the Challenges Presented by Accelerating Industry Change (e)

Mr. Rodgers moved to adopt this recommendation with a clarifier that the recommendation applies to new product material modifications. Dr. Gilbert seconded the motion and it was adopted 22 to 2.

Findings Section

Mr. Perez moved to adopt the Findings Section and Dr. Karpf seconded it. The motion was adopted 24 to 0.

C. Adoption of the Findings and Recommendations Section of the Practice of Medicine Paper.

Recommendation No. 1 (a) through (d)

Several informal, technical changes were made to these recommendations. Dr. Alpert moved to adopt these recommendations and Ms. Decker seconded the motion. Mr. Perez then moved to amend recommendations (b) and (d) and to add a new (f) *see the adopted recommendations for the actual text*. Ms. Bowne seconded the motion which was adopted 28 to 0.

The recommendations, as amended, were also adopted 28 to 0.

Recommendation No. 1 (e)

Several informal changes were accepted to this recommendation, including added language clarifying when the state agency responsible for regulating managed care should consider making the necessary changes [towards the modification of the prior authorization/concurrent review process recognizing exemplary care] a requirement of a health plan licensure or accreditation.

Mr. Lee moved to adopt the recommendation and Mr. Gallegos seconded it. The motion was adopted 27 to 0.

Recommendation No.s 2 (a) (1) through (4) and (6) and (b)

Again, several informal changes were made to this recommendation. Changes included adding a reasonable cost factor to periodically published formulary lists and a provision to allow a patient to continue receiving a drug removed from a plan's formulary unless the drug is no longer considered safe and effective for the patient's condition based on medical evidence.

Mr. Lee moved to adopt these recommendations and Mr. Gallegos seconded it. The motion was adopted 28 to 0.

Recommendation No. 2 (a) (5)

This recommendation was derived from part of No. (a) (2) and was moved for adoption by Ms. Farber. Dr. Spurlock seconded the motion which was put to a roll call vote.

The results of the vote were as follows:

Alpert:	Aye	Kerr:	---
Armstead:	No	Lee:	Aye
Bowne:	No	Northway:	Aye
Conom:	Aye	O'Sullivan:	Aye
Decker:	No	Perez:	---
Enthoven:	No	Ramey:	Absent
Farber:	Aye	Rodgers:	No
Finberg:	Aye	Rodriguez-Trias:	Aye
Gallegos:	Aye	Schlaegel:	No
Gilbert:	Absent	Severoni:	No
Griffiths:	Aye	Spurlock:	Aye

Hartshorn:	No	Tirapelle:	No
Hauck:	No	Williams:	No
Hiepler:	Aye	Zaremborg:	No
Karpf:	No	Zatkin:	---

The motion failed 12 to 13.

Recommendation No. 3 (a)

This recommendation was discussed and debated. Ms. Griffiths moved to adopt the recommendation and it was seconded by Ms. Finberg. The motion failed 13 to 14.

Dr. Spurlock moved to postpone further consideration of Recommendation No. 3 and it was seconded by Mr. Perez. The motion failed 15 to 11.

Recommendation No. 3 (b)

Dr. Alpert moved to adopt the recommendation including Recommendation 3 (a) and with the deletion of the reference to MICRA the avoidance of costly lawsuits. Mr. Schlaegel seconded the motion and it was put to a roll call vote.

The results of the vote were as follows:

Alpert:	Aye	Kerr:	Aye
Armstead:	No	Lee:	Aye
Bowne:	No	Northway:	Aye
Conom:	Aye	O'Sullivan:	Aye
Decker:	No	Perez:	Aye
Enthoven:	No	Ramey:	Absent
Farber:	Aye	Rodgers:	No
Finberg:	Aye	Rodriguez-Trias:	Aye
Gallegos:	Aye	Schlaegel:	No
Gilbert:	Absent	Severoni:	Aye
Griffiths:	Aye	Spurlock:	No
Hartshorn:	No	Tirapelle:	No
Hauck:	No	Williams:	No
Hiepler:	Aye	Zaremborg:	No
Karpf:	Aye	Zatkin:	No

The motion failed 15 to 13.

Mr. Hiepler then moved to adopt a new Recommendation No. 3 that read *The Task Force recommends that the Governor and the Legislature of the State of California urge the President and Congress to evaluate ERISA statute and ask that it be revised to allow the relevant providers to be responsible and liable for damages to the extent the providers contribute to adverse outcomes that can be proven by law.* Ms. O'Sullivan seconded the motion which failed 15 to 3.

Recommendation No. 4

Several informal amendments were made to this recommendation, including the substitution of the proposed subsection (b) with language supplied by Dr. Karpf regarding an expert review panel for experimental treatments. Mr. Perez moved to adopt the recommendation and it was seconded by Mr. Lee. The motion was adopted 20 to 1.

Findings Section

Mr. Hiepler moved to adopt the findings minus Subsection E [on page 3] and Subsection C [on page 7] and Mr. Perez seconded it. Ms. Finberg then moved to delete Section I. C. [on page 2 of the findings]. Mr. Lee seconded it and the motion failed 13 to 10.

Ms. O'Sullivan then moved to delete the following sentence under Subsection C [on page 2] *However, Congress and the California Legislature should not be medical practice team members.* Ms. Griffiths seconded the motion and it failed 14 to 10.

Ms. Griffiths then moved to amend the same sentence to read *However, neither Congress or the California Legislature nor health plan executives should be medical practice team members* Mr. Lee seconded the motion and it was adopted 16 to 2.

The Findings Section, as amended, was adopted 23 to 1.

D. Adoption of the Findings and Recommendations Section of the Consumer Involvement, Communication and Information Paper.

Consumer Information:

Recommendation No. 1

Several informal changes were accepted to this recommendation and it was moved for adoption by Mr. Lee. Ms. O'Sullivan seconded the motion and it failed 11 to 12.

Recommendation No. 2

Ms. Decker moved to adopt this recommendation with a minor, technical change [change the reference to DOC to the state agency responsible for regulating managed care]. Ms. Griffiths seconded the motion and it was adopted 20 to 0.

Recommendation No. 3

Mr. Lee moved to adopt this recommendation with the word "physician" changed to "medical centers" regarding the place a patient receives care. Dr. Rodriguez-Trias seconded the motion and it was adopted 22 to 0.

Recommendation No. 4

Mr. Hiepler moved to adopt Recommendation No. 4, as proposed. The motion was seconded by Ms. Farber and adopted 19 to 12.

Recommendation No. 5

Mr. Kerr moved to adopt this recommendation as technically amended and Ms. Decker seconded it. The motion failed 13 to 10.

Mr. Lee then moved to adopt just the first paragraph of Recommendation No. 5, as it relates to the research and report of the feasibility of creating a "Super Directory" of physicians and other primary care providers. Mr. Tirapelle seconded the motion and it was adopted 23 to 0.

Recommendation No. 6

Mr. Perez moved to adopt Recommendation No. 6, as proposed. Mr. Kerr seconded Mr. Perez's motion which was adopted 17 to 1.

Recommendation No. 7

Mr. Perez also moved to adopt this recommendation, as proposed. Chairman Enthoven seconded the motion, and it was adopted 22 to 0.

Recommendation No. 8

Ms. Farber moved to adopt Recommendation No. 8, and it was seconded by Chairman Enthoven. The motion was adopted 17 to 2.

Consumer Involvement:

Recommendation No.s A (1) through (3), B (1)

Ms. Griffiths moved to adopt these recommendations and Dr. Rodriguez-Trias seconded the motion. The motion was adopted 20 to 0.

Recommendation B (2) through (5)

Mr. Lee moved to adopt these recommendations, as proposed, and it was seconded by Mr. Perez. The motion was adopted 22 to 0.

Findings Section

Mr. Kerr moved the adoption of the Findings Section and it was seconded by Mr. Lee. The motion was adopted 19 to 0.

E. Adoption of the Findings and Recommendations Section of the Vulnerable Populations Paper.

Assurance of Access, Quality, Benefits and Consumer Protection:

Recommendation No.s 1 through 14 (except 11)

A motion was made by Ms. Farber that recommendations No.s 1 through 14, except 11, do not require adoption to be included in this paper. Dr. Rodriguez-Trias seconded the motion. The motion was adopted 21 to 0.

Recommendation No. 11

Mr. Rodgers then moved to adopt Recommendation No. 11 as an addition to Standardizing Health Insurance Contracts Recommendation No.s 2(b) and 3(b). The motion was seconded by Mr. Perez and was adopted 20 to 0.

Recommendation No. 15

This recommendation was informally revised to read that the Task Force should encourage purchasers to explore the feasibility of tracking vulnerable populations and that the state should explore the feasibility of: 1) providing specific incentives for plans under specified circumstances; and 2) developing performance outcomes for all vulnerable populations.

Mr. Lee moved to adopt the recommendation and it was seconded by Dr. Rodriguez-Trias. The motion was adopted 21 to 0.

Recommendation No. 17

This recommendation was informally changed to encourage DHS and others to continue to study and pilot the feasibility of integration of acute, chronic and long-term care services.

Dr. Karpf moved to adopt the revised recommendation and it was seconded by Ms. Griffiths. The motion was adopted 22 to 0.

Recommendation No. 19

Recommendation No. 19 was moved for adoption by Mr. Rodgers and seconded by Ms. Farber. The motion was adopted 23 to 0.

Recommendation No. 20

Ms. Decker moved to adopt Recommendation No. 20 and Dr. Rodriguez-Trias seconded it. The motion failed 9 to 13.

Ms. Farber then offered a substitute. Her amendment suggested that the State mandate a study to evaluate the impact of early discharge and recidivism. Ms. Farber then moved to adopt this substitution. The motion was seconded by Ms. O'Sullivan and failed 10 to 8.

Recommendation No. 18

Mr. Lee moved to adopt the following new recommendation: *The State should require health plans compliance with non-discriminatory and accessibility standards as a condition of retaining State licensure.* The motion was seconded by Ms. Finberg and failed 12 to 6.

Application of Recommendations to the Medi-Cal/Medicare Populations:

Recommendation No. 1

Several informal changes were accepted to this recommendation, and it was moved for adoption by Mr. Lee. Dr. Rodriguez-Trias seconded the motion and it failed 11 to 6.

Recommendation No. 2

This recommendation was informally revised to add a clarifier that resources should be provided by the Governor and the Legislature to implement this recommendation. Ms. Finberg moved to adopt the revised recommendation and it was seconded by Mr. Lee. The motion was adopted 17 to 2.

Recommendation No.s 3 and 4

Recommendation No. 4 was revised to change the "annual" report to a "periodic" report. Mr. Lee moved to adopt the recommendation and it was seconded by Ms. O'Sullivan. The motion was adopted 16 to 4.

Future Reallocation of Health Care Costs Avoided through Managed Care or Other Funding Sources to Improve the Quality of Access to Care for Vulnerable Populations:

Recommendation No. 1

Ms. Bowne moved to adopt this recommendation and it was seconded by Ms. Decker. However, after some discussion, members and the Chairman agreed that this issue should be addressed in the Chairman's Letter. Therefore, the motion was withdrawn.

Findings Section:

Mr. Lee moved to adopt the Findings Sections, as informally revised, and it was seconded by Mr. Schlaegel. The motion was adopted 22 to 0.

F. Adoption of the Findings and Recommendations Section of the Integration: A Case Study on Women Paper.

Recommendation No.s 1 through 5(b)

Mr. Perez moved to adopt these recommendations and it was seconded by Mr. Kerr. The motion was adopted 22 to 0.

Recommendation No. 5(c)

This recommendation was informally revised to state that plans should be required to allow women direct access to their reproductive health care providers.

The motion to adopt the revised recommendation was made by Ms. Finberg and seconded by Mr. Lee. The motion was adopted 18 to 0.

Recommendation No.s 7 and 8

These recommendations were informally revised and moved for adoption by Mr. Perez. Mr. Lee seconded the motion and it failed 8 to 8.

Findings Section

Mr. Perez moved to adopt the Findings Section and it was seconded by Mr. Schlaegel. The motion was adopted 19 to 0.

V. ADJOURNMENT[Chairman Enthoven]

The Chairman congratulated members for a job well done and without objection, Chairman Enthoven adjourned the meeting at 5:05 P.M.

Prepared by: Enrique J. Ramirez, Ph.D. and Alice M. Singh